

IN THE SECOND CIRCUIT COURT FOR DAVIDSON COUNTY, TENNESSEE
TWENTIETH JUDICIAL DISTRICT AT NASHVILLE

STATE OF TENNESSEE,
ex rel. ROBERT E. COOPER, JR.,
ATTORNEY GENERAL and REPORTER,

Plaintiff,

v.

HRC MEDICAL CENTERS, INC., a domestic
corporation, *formerly known as* HAIR
RESTORATION CENTERS OF TENNESSEE,
INC., HRC MANAGEMENT MIDWEST, LLC,
a foreign limited liability company,
DAN E. HALE, D.O., *individually and as an*
officer, DON HALE, *individually and as an*
officer, BONNIE HALE, DIXIE HALE,
individually and doing business as SOUTHERN
BELLE CONSULTING, LLC, MICHAEL
MONTEMURRO, *doing business as* MADMAC
CONSULTING, LLC, HRC MEDICAL
CENTERS HOLDINGS, LLC, a foreign limited
liability corporation, HRC MANAGEMENT,
LLC, a foreign limited liability corporation,
DANA HELTON, in her capacity as Trustee of
the CARDINAL REVOCABLE TRUST,
BELLA VITA MEDICAL CENTERS, LLC,
a domestic limited liability corporation,
MIDWEST RESTORATIVE HEALTH, LLC,
a foreign limited liability corporation,
LEGACY MEDICAL CENTERS, LLC,
a foreign limited liability corporation, and
BIOLIFECYCLE MEDICAL CENTERS, LLC,

Defendants.

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Case No. 12C4047

TEMPORARY INJUNCTION WITH ASSET FREEZES AND ORDER APPOINTING
PENDENTE LITE RECEIVER AS TO DEFENDANTS DIXIE HALE, *individually and*
d/b/a SOUTHERN BELLE CONSULTING, LLC, and BONNIE HALE

Before the Court is the State's Motion for a Temporary Injunction with Asset Freezes and Order Appointing *Pendente Lite* Receiver. The State asserts that the Motion is needed to prevent the dissipation of assets, to stop the destruction or concealment of documents, and to marshal and safeguard assets and other property for the receivership estate.

In support of the State's Motion, the State has submitted 24 supporting exhibits, including the original Affidavit of John McLemore with 83 attachments, a memorandum of law, a certificate of counsel, and an amended complaint.

Based on a review of the entire record, the arguments advanced at hearing, and the parties' briefs, the State's Motion is GRANTED as set forth below. As set forth below, this Order shall apply to Defendants Dixie Hale, individually and *doing business as* Southern Belle Consulting, LLC, and Bonnie Hale.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. On October 10, 2012, this Court through an interchange agreement with Presiding Judge Joe Binkley, Jr., entered an *Ex Parte* Temporary Restraining Order that stated, among other things, that the State was likely to succeed on the merits of its action.

2. On December 27, 2012, this Court entered an Order Appointing a *Pendente Lite* Receiver Over HRC Medical Centers, Inc. ("HRC Medical") and a Statutory Temporary Injunction. Among other things, the Statutory Temporary Injunction and the receivership order stated that the State was likely to succeed on the merits of its action. The receivership order also found that Defendants HRC Medical, HRC Management Midwest, Don Hale, and Dan Hale engaged in intentional misrepresentations and omissions about the safety, health risks, and side effects of its alternative regimen of "bio-identical" hormone replacement therapy and that HRC

Medical engaged in fraud.

3. At the same time the State filed a motion for a TRO with Asset Freezes and Order Appointing *Pendente Lite* Receiver, the State amended its Complaint to add Defendants Bonnie Hale, Dixie Hale, individually and doing business as Southern Belle Consulting, LLC (“Southern Belle”), Michael Montemurro, doing business as MadMac Consulting, LLC (“MadMac”), HRC Medical Centers Holdings, LLC (“HRC Holdings”), HRC Management, LLC (“HRC Management”), Dana Helton, in her capacity as Trustee for the Cardinal Revocable Trust (“Cardinal Revocable Trust”), Bella Vita Medical Centers, LLC (“Bella Vita”), Midwest Restorative Health, LLC (“Midwest Restorative”), Legacy Medical Centers, LLC (“Legacy”), and BioLifecycle Medical Centers, LLC (“BioLifecycle”).

4. On May 24, 2013, this Court continued the State’s Motion for Temporary Injunction with Asset Freezes and Order Appointing *Pendente Lite* Receiver over Defendants Dixie Hale, individually and doing business as Southern Belle Consulting, LLC, and Bonnie Hale until June 7, 2013. At the June 7, 2013, hearing, this Court continued resolution of the hearing until June 21, 2013, with the consent of the parties. At the request of counsel for Defendant Dixie Hale and with the consent of Defendant Bonnie Hale’s counsel and counsel for the State, the June 21, 2013, hearing was continued until July 12, 2013. The TRO and Receivership Order has remained in effect by the consent of Defendants Dixie Hale and Bonnie Hale in the interim.

5. On May 29, 2013, a Temporary Injunction with Asset Freezes and Order Appointing *Pendente Lite* Receiver as to Defendants Dan E. Hale, Don Hale, HRC Medical Centers Holdings, LLC, HRC Management, LLC and Dana Helton, in her capacity as Trustee of the Cardinal Revocable Trust was entered. Defendants BioLifecycle Medical Centers, LLC and

Legacy Medical Centers, LLC and Michael Montemurro doing business as MadMac Consulting, LLC have entered into agreed temporary injunction (with asset freezes) and receivership orders.

6. This Court continues to have jurisdiction over the subject matter of this case including the new claims asserted and relief sought under the Uniform Fraudulent Transfer Act (“UFTA”), Tenn. Code Ann. §§ 66-3-301 to -313 (2004).

7. There is good cause to believe that the Court will have personal jurisdiction over all parties hereto including the amended Defendants based on Tenn. Code Ann. § 20-2-214(a)(6), Tenn. Code Ann. § 20-2-225(2), and *Manufacturers Consolidation Serv., Inc. v. Rodell*, 42 S.W.3d 846, 855 (Tenn. Ct. App. 2000) (holding that personal jurisdiction under State’s long-arm statute collapses to inquiry of personal jurisdiction under Due Process Clause of the United States Constitution). Among other things, there is good cause to believe that:

Dixie Hale and Bonnie Hale are residents of Tennessee and substantially engaged in the activity alleged in the State’s Amended Complaint from or within Tennessee.

8. Further, there is good cause to believe that venue in this Court and joinder are proper as to the amended parties.

9. There is good cause to believe: that the UFTA was violated through obligations incurred by and transfers from HRC Medical to Don Hale, Dixie Hale, Southern Belle, Bonnie Hale, and Dan Hale; that the State is likely to succeed on the merits of these UFTA claims; that this order is in the public interest; and that this order is within the authority granted to this Court under Tenn. Code Ann. § 66-3-308(3)(A),(B), and (C), Tenn. Code Ann. § 47-18-108(b)(1), its general equitable authority under Tenn. Code Ann. § 29-1-103, and Tenn. R. Civ. P. 65.04.

10. Under the UFTA, a creditor is “any person who has a claim.” Tenn. Code Ann. §

66-3-302(4). Claims are broadly defined in the UFTA to include a right to payment, whether or not the right is reduced to judgment, liquidated, or disputed. Tenn. Code Ann. § 66-3-302(3). *See also*, Cmt. 4 to Tenn. Code Ann. § 66-3-302.

11. One of the ways a transfer or incurred obligation is fraudulent under the UFTA is if it is made with actual intent to hinder, delay, or defraud any creditor of the debtor. Tenn. Code Ann. § 66-3-305(a)(1). “Fraudulent transferors rarely disclose their intent in a way that is capable of direct evidence, so persons seeking to set aside a fraudulent transfer must frequently resort to circumstantial evidence.” *In re Estate of Ralston*, No. M2012-00597-COA-R3-CV, 2013 WL 1804291, at *6 (Tenn. Ct. App. April 29, 2013) (citing *McConnico v. Third Nat’l Bank*, 499 S.W.2d 874, 887 (Tenn. 1973)). “Intent need not be shown by direct, actual evidence, but can be proved through objective indicia of fraud or ‘badges of fraud.’ In the presence of badges of fraud, fraudulent intent can be presumed.” *In re Holcomb Health Care Servs., LLC*, 329 B.R. 622, 670 (Bankr. M.D. Tenn. 2004) (citations omitted). “Although the presence of a single badge may only raise the suspicion of debtor’s fraudulent intent, the confluence of several badges can be conclusive evidence of fraudulent intent, absent significantly clear evidence of debtor’s legitimate supervening purpose.” *Id.* at 671.

12. In determining actual intent under Tenn. Code Ann. § 66-3-305(a)(1), consideration may be given, among other factors, to whether:

(1) the transfer or obligation was to an insider [defined to include a relative of an officer or person in control of debtor, Tenn. Code Ann. § 66-3-302(7)(B)(vi), or a managing agent of the debtor, Tenn. Code Ann. § 66-3-302(7)(E)]; (2) the debtor retained possession or control of the property transferred after the transfer; (3) the transfer or obligation was disclosed or concealed; (4) Before the transfer was made or obligation was incurred, the debtor had been sued or threatened with suit; (5) the transfer was of substantially all the debtor’s assets; (6) the debtor absconded; (7) the debtor removed or concealed assets; (8) the value of the consideration received by the debtor was reasonably equivalent to the value

of the asset transferred or the amount of the obligation incurred; (9) the debtor was insolvent or became insolvent shortly after the transfer was made or the obligation was incurred; (10) the transfer occurred shortly before or shortly after a substantial debt was incurred; and (11) the debtor transferred the essential assets of the business to a lienor who transferred the assets to an insider of the debtor.

Tenn. Code Ann. § 66-3-305(b).

13. A transfer is also fraudulent under the UFTA if:

the transfer was made or the obligation was incurred if the debtor made or obligation incurred without receiving a reasonably equivalent value in exchange for the transfer or obligation and the debtor was insolvent at the time or the debtor became insolvent as a result of the transfer or obligation. Tenn. Code Ann. § 66-3-306(a); or

the debtor made the transfer or incurred the obligation without receiving a reasonably equivalent value in exchange for the transfer or obligation, and the debtor was engaged or was about to engage in a business or a transaction for which the remaining assets of the debtor were unreasonably small in relation to the business or transaction, or the debtor intended to incur or believed or reasonably should have believed that the debtor would incur debts beyond the debtor's ability to pay as they became due. Tenn. Code Ann. § 66-3-305(a)(2).

14. Under the UFTA, a debtor is insolvent "if the sum of the debtor's debts is greater than all of the debtor's assets, at a fair valuation." Tenn. Code Ann. § 66-3-303(a). For purposes of determining all of the debtor's assets, assets do not include the property that is the subject of the fraudulent transfer. Tenn. Code Ann. § 66-3-303(d). Under the UFTA, a debtor who is not paying his or her debts as they become due is presumed to be insolvent. Tenn. Code Ann. § 66-3-303(b).

15. Here, there is good cause to believe that:

On August 4, 2012, HRC Medical, Dixie Hale, and others attended a meeting that discussed "selling" the ownership interest in the JV centers that tied Don Hale or HRC to those centers "due to upcoming events," discussed selling the 100% corporate-owned centers to another entity/caretaker, referenced the Hale name being "tarnished in the circles of the regulatory and media world," and

asked for interested parties in the plan to sign a notice of intent, which Don Hale and others did;

HRC Medical and Dixie Hale had knowledge that the State was interviewing former HRC Medical sales consultants including Andrea Bernard and Trina Lonning, whose sworn testimonies took place on August 16, 2012, and August 13, 2012, respectively;

Dixie Hale, and others at HRC Medical again had knowledge that the State took the sworn testimony of Caleb Raines in September 2012; and

All of the Defendants, including Bonnie Hale, had knowledge of the State's lawsuit following its filing on October 8, 2012.

16. Further, there is good cause to believe that:

HRC Medical was failing to pay debts as they became due at least by July 2012, and continuing until the entry of the receivership order on December 27, 2012;

HRC Medical had outstanding invoices over 90 days past due at least by July 2012, which continued until the entry of the receivership order on December 27, 2012;

Dixie Hale had knowledge of HRC Medical's liquidity problems at least by September 2012;

By October 15, 2012, Dixie Hale, who had authority to pay bills on behalf of HRC Medical, had only authorized the payment of a minimal number of outstanding bills in the previous two weeks;

On November 15, 2012, HRC Medical had a negative cash available balance of \$21,487 and on November 16, 2012, a negative cash available balance of \$13,308; and

By December 2012, HRC Medical's own balance sheet showed that it had accumulated negative equity of \$1,514,389.

17. There is good cause to believe the two transfers of \$459,000 on October 15, 2012, to Bonnie Hale and to a joint account for Don and Dixie Hale, were made with actual intent to hinder, delay, or defraud the State as creditor of the debtor, based, among other things, on the following facts that are likely to be established at trial:

The wire transfer of \$459,000 was made payable to Bonnie Hale, wife of Dan Hale, who has never worked in any capacity for HRC Medical;

Bonnie Hale had knowledge of the \$459,000 transfer before or soon after the transfer and did not remit any of the funds;

Of the \$459,000 wire transfer made payable to Bonnie Hale, purportedly for personal income taxes, approximately \$34,000 was retained in cash by Dan Hale and Bonnie Hale, which did not go to any taxing authority;

Dixie Hale had a cashier's check issued for \$459,000 in the name of Don Hale, which she deposited into an account held jointly by her and Don Hale;

The dividend authorized by the Board of Directors of HRC Medical for these transfers was not for \$459,000 but for \$392,500 to each shareholder;

HRC Medical attempted to justify the transfers as payments for the taxes both Don Hale and Dan Hale would incur as a result of HRC Medical's "S" Corporation election, in which tax liability "passes through" to shareholders;

The \$918,000 transferred exceeded the maximum tax liability that Don Hale and Dan Hale would have incurred as a result of the "S" Corporation election, which was \$361,912 each based on a 32% effective tax rate using the maximum 35% marginal tax bracket and assuming no exemptions or deductions;

The \$918,000 transfer from HRC Medical Centers, Inc. was authorized by Dixie Hale and consisted of payments for all of Defendants Bonnie Hale, Dan Hale, Dixie Hale, and Don Hale's federal and state tax liability, was in excess of the tax liability Don Hale and Dan Hale's incurred as a result of HRC Medical's "S" Corporation election, plus an additional \$34,000 not paid to any taxing authority by Dan Hale and Bonnie Hale;

The collective transfer of \$918,000 exceeded the amount that HRC Medical would have incurred had it filed as a "C" Corporation; which would have been a maximum of \$770,000 based on a 35% tax rate;

Unsecured creditors of HRC Medical were worse off as a result of the transfer;

Dan Hale was previously paid \$135,200 by HRC Medical for estimated taxes on April 16, 2012, which, if paid to the IRS would have been credited against his tax liability; and

Don Hale was previously paid \$134,800 by HRC Medical for estimated taxes on April 16, 2012, which if paid to the IRS would have been credited against his tax liability.

18. There is good cause to believe the two transfers of \$459,000 on October 15, 2012, to Bonnie Hale and to a joint account for Don and Dixie Hale, were made at a time that HRC

Medical was insolvent and for which HRC Medical did not receive reasonably equivalent value in exchange.

19. Further, there is good cause to believe the two transfers of \$459,000 on October 15, 2012, to Bonnie Hale and to a joint account for Don and Dixie Hale, were made without reasonably equivalent value in exchange and left HRC Medical's remaining assets as unreasonably small in relation to its business.

20. There is good cause to believe the two transfers totaling \$60,000 on November 14, 2012, to Bonnie Hale and to a joint account for Don and Dixie Hale, were made with actual intent to hinder, delay, or defraud the State as creditor of the debtor, based, among other things, on the following facts that are likely to be established at trial:

The transfers were made one day before the scheduled hearing on the State's initial receivership and injunction motion;

The wire transfer of \$30,000 was made payable to Bonnie Hale who has never worked in any capacity for HRC Medical;

Bonnie Hale had knowledge of the \$30,000 transfer before or soon after the transfer and did not remit any of the funds;

Bonnie Hale stated in her affidavit that the \$30,000 transfer was used to pay some tax penalties, but the wire transfer of \$30,000 she received was actually used to pay down a personal loan in the name of Defendant Dan Hale;

Of the transfer totaling \$30,000 to Dixie Hale and Don Hale, they retained approximately \$10,000 that was not paid to any tax authority;

Dixie Hale had a cashier's check issued for \$30,000 in the name of Don Hale, which she deposited into an account held jointly by her and Don Hale;

HRC Medical attempted to justify the transfers as needed for tax penalties;

The amounts transferred were not specifically calculated penalty amounts but the "round dollar amounts" of \$30,000 each;

Unsecured creditors of HRC Medical were worse off as a result of the transfers;

The transfers totaling \$60,000 were recorded in HRC Medical's accounting software as personal expenses for which HRC Medical should be reimbursed; and

On November 15, 2012, HRC Medical had a negative cash available balance of \$21,487 and on November 16, 2012, a negative cash available balance of \$13,308.

21. There is good cause to believe the two transfers totaling \$60,000 on November 14, 2012, to Bonnie Hale and to a joint account for Don and Dixie Hale, were made at a time that HRC Medical was insolvent and for which HRC Medical did not receive a reasonably equivalent value in exchange.

22. Further, there is good cause to believe the two transfers totaling \$60,000 on November 14, 2012, to Bonnie Hale and to a joint account for Don and Dixie Hale, were made without reasonably equivalent value in exchange and left HRC Medical's remaining assets as unreasonably small in relation to its business.

23. There is good cause to believe that the transactions involving the recording of dividends totaling \$980,000 on HRC Medical's accounting records, which were used to wipe away the notes receivable of Don Hale and Dixie Hale, and, in effect, convert the notes receivable of Dan Hale into notes payable, were made with actual intent to hinder, delay, or defraud the State as creditor of the debtor, based, among other things, on the following facts that are likely to be established at trial:

The transaction was recorded one day before the scheduled hearing on the State's initial receivership and injunction motion;

Dixie Hale was listed as an officer on HRC Medical's Notes Receivables from Officers and benefited from the non-cash dividend;

The transaction resulted in Don and Dixie Hale having no outstanding balance owed to HRC Medical;

Dixie Hale cut a \$1.15 million check to herself to fund the purchase of the home she jointly shares with Don Hale, which was recorded as a dividend in December 2011, and which was effectively wiped away by the dividend in the amount of \$980,000 on November 14, 2012;

The QuickBooks accounting entries were the only place where the status of its notes receivable from corporate officers, including Don Hale, Dixie Hale, and Dan Hale, were kept;

The dividends totaling \$980,000 remained on HRC Medical's books at the time the Receiver took control of the company; and

The dividends totaling \$980,000 caused HRC Medical to have negative equity of \$1,469,271.91 by the end of November 2012 on its own balance sheet.

24. There is good cause to believe the transactions involving the recording of dividends totaling \$980,000 on HRC Medical's accounting records, which were used to wipe away the notes receivable of Don Hale and Dan Hale, and, in effect, convert them into notes payable, were made at a time that HRC Medical was insolvent and for which HRC Medical did not receive reasonably equivalent value in exchange.

25. Further, there is good cause to believe that the transactions involving the recording of dividends totaling \$980,000 on HRC Medical's accounting records, which were used to wipe away the notes receivable of Don Hale and Dixie Hale and, in effect, convert the notes receivable for Dan Hale into notes payable, were made without reasonably equivalent value in exchange and left HRC Medical's remaining assets as unreasonably small in relation to its business.

26. There is good cause to believe the transfer of \$35,000 to Bonnie Hale on December 5, 2012, was made with actual intent to hinder, delay, or defraud the State as creditor of the debtor, based, among other things, on the following facts that are likely to be established at trial:

The transfer was made one day before the continued scheduled hearing on the State's initial receivership and injunction motion;

The wire transfer of \$35,000 was made payable to Bonnie Hale who has never worked in any capacity for HRC Medical;

Bonnie Hale had knowledge of the \$35,000 transfer before or soon after the transfer and did not remit any of the funds back to HRC Medical;

The QuickBooks memo note for the transaction indicates: "Ok to pay wire – per Don. Dr. Hale needed cash;"

Bonnie Hale admits that \$30,000 of this amount "was for personal living expenses;" and

By the end of December 2012, HRC Medical had only \$31,547.18 in cash and \$939,987.45 in accounts payable according to its own accounting entries.

27. There is good cause to believe that the transfer of \$35,000 to Bonnie Hale on December 5, 2012, was made at a time that HRC Medical was insolvent and for which

HRC Medical did not receive reasonably equivalent value in exchange.

28. Further, there is good cause to believe that the transfer of \$35,000 to Bonnie Hale on December 5, 2012, was made without reasonably equivalent value in exchange and left HRC Medical's remaining assets as unreasonably small in relation to its business.

29. There is good cause to believe that Don Hale, Dixie Hale, and other officers and employees of HRC Medical intentionally redirected incoming payments from joint venture clinic locations based on the percentage of monthly gross sales previously paid to HRC Medical to Dixie Hale following the filing of the State's lawsuit, based, among other things, on the following facts that are likely to be established at trial:

Cancelled checks show that joint venture partners regularly issued checks for the percentage of monthly gross sales made payable to "HRC Medical," "HRC Medical Centers," or "HRC Medical Centers – Nashville" or through similar payee names until shortly after the State filed its initial Complaint on October 8, 2012;

HRC Medical's own records referenced the percentage of monthly gross sales checks being made payable to HRC Medical;

Following the filing of the State's lawsuit, HRC Medical's records, including cancelled checks and e-mails, show that Dixie Hale, individually, and Southern Belle, received the percentage of monthly gross sales checks;

Dixie Hale received at least three monthly percentage of gross sales checks payable to her totaling \$28,577.08 in December 2012;

After Dixie Hale received the three monthly percentage of gross sales checks totaling \$28,577.08 made payable to her, Julie Boyett, HRC Medical's bookkeeper stated "You will have to deposit these first...since they are payable to you..they put adjust your cashiers [sic] for deposit. You will need to notify locations to make payable to Madmac Consulting LLC;"

Southern Belle's Electronic Identification Number references Dixie Marie Hale as the sole member;

Dixie Hale, Julie Boyett, and Dane Hale are listed as signatories on Southern Belle's bank account at Fifth Third; and

While Dixie Hale asserts that Les Clark, the part-owner of the Columbus, Ohio, Cincinnati, Ohio, and Louisville, Kentucky clinic locations was not affiliated with HRC Medical, these clinic locations continued to issue checks to HRC Medical, use the HRC Medical brand name, and be listed among HRC Medical's joint venture partners after August 2012, the supposed date that Mr. Clark's clinics ceased to be affiliated with HRC Medical.

29. There is good cause to believe that Don Hale, Dixie Hale, and other officers and employees of HRC Medical intentionally redirected incoming payments owed to HRC Medical for Salesforce to Dixie Hale following the filing of the State's lawsuit, based, among other things, on the following facts that are likely to be established at trial:

HRC Medical would send invoices to joint venture locations for use of Salesforce, a customer relations management tool, for \$3,250 per month made payable to HRC Medical;

HRC Medical paid the original Salesforce expenses directly including on July 27, 2012, and October 1, 2012;

Joint venture partners sent monthly checks for \$3,250 each made payable to HRC Medical prior to the filing of the State's lawsuit;

HRC Medical had booked outstanding Salesforce invoices from joint venture partners in its accounting records as accounts receivable;

Dixie Hale received and cashed checks for SalesForce that were supposed to be payable to HRC Medical; and

On November 14 and 15, 2012, two checks were made payable to "Southern Bell [sic] Consultants." The check dated November 14, 2012, is attached to an invoice that states "CRM – Salesforce – 10/1 – 10/31/12." The check dated November 15 contains the memo Nov. (PIF) and includes an invoice stating "CRM – Salesforce – 11/1-11/30/12.

30. There is good cause to believe that Don Hale, Dixie Hale, and other officers and employees of HRC Medical intentionally redirected incoming payments owed to HRC Medical from MasterPharm and DCA Pharmacy following the filing of the State's lawsuit, based, among other things, on the following facts that are likely to be established at trial:

In his affidavit opposing the original receivership and temporary injunction motion, Don Hale stated, "Masterpharm has a rebate *that is provided to HRC* based on the number of pellets ordered over a particular time period." Def.'s Ex. 1 at para. 13 (emphasis added);

HRC Medical had bank accounts at both SunTrust and Fifth Third that were used to initially deposit incoming money received from MasterPharm and DCA Pharmacy;

After the filing of the State's lawsuit, this money has ceased being sent to HRC Medical;

Don Hale and Dixie Hale were notified on November 30, 2012, that HRC Medical had not collected checks from MasterPharm for September, October, and November 2012, and from DCA Pharmacy for May, June, August, September, October, and November 2012; and

No deposits from Masterpharm or DCA Pharmacy were made into bank accounts controlled by HRC Medical after November 30, 2012.

31. There is good cause to believe that Dixie Hale and Don Hale have concealed other assets, based among other things, on the following facts that are likely to be established at trial:

With the help of Shane Dodgen and Steve Johnson of Midwest Restorative Health, LLC, Don Hale paid approximately \$43,000 towards a BMW 528i for Dixie Hale as a Christmas present in 2012, using funds from the MadMac Consulting bank account;

While Dixie Hale has stated that the car was a “gift” from Shane Dodgen and the that payment of approximately \$43,000 to Steve Johnson was in return for work done on behalf of HRC Medical, this does not appear likely because in the video attached as Attachment 83 to 2d TRO Mot. Ex. 1, Aff. of John McLemore, in which Dixie Hale is shown the car for the first time, Don Hale states “We did it” to Dixie Hale’s question “How did we do this?,” the car was registered in South Carolina where Dixie Hale has never lived, the car was registered in the name of Midwest Restorative Health, LLC, who Dixie Hale has never worked for, the payment to Steve Johnson of \$43,000 is slightly under the cost of a 2013 BMW 528i, Steve Johnson never worked for HRC Medical, Steve Johnson never submitted any prior invoices for work done on behalf of HRC Medical, and the invoice submitted has no supporting paperwork and is out of chronological order;

Even if the Steve Johnson invoice was valid, which is not likely to be shown, the payment of \$43,000 to Mr. Johnson is still a fraudulent transfer because it was made from funds due HRC Medical through a payment that occurred well after the original receivership order was entered based on an invoice that is even dated after the original receivership order was entered;

Don and Dixie Hale met with HRC Medical’s former bookkeeper, Julie Boyett, around January 8, 2013, to liquidate approximately \$63,987.50, the contents of a bank account in the name of DC Consulting, a doing business as name whose purpose was to collect payments from joint ventures to pay for access to the electronic records system that HRC Medical created and owned. Dixie Hale used her signatory authority on the account to issue \$10,000 to Don and Dixie Hale’s son Drew Hale, \$10,000 to Don and Dixie Hale’s other son Dane Hale, \$4,987.50 to Don and Dixie Hale’s daughter-in-law Jessica Hale, \$34,000 to Dana Helton, Dan and Bonnie Hale’s daughter with \$24,000 supposed to go to Dan Hale, and \$5,000 to Dan Reed, HRC Medical’s advertising broker;

Don and Dixie Hale met with HRC Medical’s former bookkeeper, Julie Boyett, around January 8, 2013, to liquidate approximately \$12,000, roughly the contents of a bank account in the name of HRC Management, LLC. Dixie Hale used her signatory authority on the account to issue \$5,000 to David Hale, Dan and Don Hale’s brother, and \$7,000 to Silverstaff, HRC Medical’s vendor for bloodwork;

Don and Dixie Hale met with HRC Medical’s former bookkeeper, Julie Boyett, around January 8, 2013, and directed Ms. Boyett to pay \$43,156 to Steve Johnson out of the MadMac Consulting bank account, which she did;

Don and Dixie Hale met with HRC Medical’s former bookkeeper, Julie Boyett, around January 8, 2013, to liquidate a total of \$15,817.76 out of the HRC Medical Centers Holdings, LLC, account. Dixie Hale used her signatory authority on the account to issue checks splitting the balance between Dan Hale

and Don Hale;

Dixie Hale has received additional checks from Les Clark's Columbus, Ohio, Cincinnati, Ohio, and Louisville, Kentucky clinics, beginning December 27, 2012, through April 2, 2013, consisting of the percentage of sale payments totaling \$44,803.06 that should be paid to HRC Medical. While Dixie Hale has asserted that the payments were for Don Hale's "consulting" services, this does not appear likely because all but one of the checks is for uneven dollar amounts that are very similar to the amounts of the percentage of gross sales payments that these clinics previously paid to HRC Medical, and following the lawsuit paid to Southern Belle; and neither Dixie Hale nor Don Hale are believed to have visited the Columbus, Ohio, Cincinnati, Ohio, or Louisville, Kentucky clinics at the time Don Hale was supposedly performing consulting services.

33. There is good cause to believe that Bonnie Hale and Dan Hale have concealed and dissipated other assets, based among other things, on the following facts that are likely to be established at trial:

On May 2, 2013, the date of service of the amended complaint and TRO and Receivership Order, Bonnie Hale liquidated the entire contents of a bank account in her name at First National Bank, totaling over \$4,000, after she was told that there was a box of documents to be served on her related to the State's lawsuit;

At the time of service of the documents on May 2, 2013, Bonnie Hale was asked about all of the bank accounts she had access to and only referenced an account at U.S. Bank in spite of having just liquidated the account at First National Bank; and

At her deposition, Bonnie Hale was asked whether she owned any property other than the house she was living in, she stated, "no," only to later, *after a court order*, disclose that she had ownership of real property valued at \$347,000 in her name, another property owned jointly with her husband valued at \$150,000, and additional property 50% of which is owned by the Dan E. Hale Irrevocable Investment Service Trust for which Bonnie Hale is the Trustee.

34. There is good cause to believe that Defendant Dixie Hale is likely to conceal or destroy documents based on evidence that is likely to be established at trial or a hearing showing that:

Dixie Hale drove Julie Boyett, HRC Medical's former bookkeeper to a storage unit on January 8, 2013, to retrieve documents, including HRC Medical business

records and Legacy Medical business records, that Don Hale had had removed from HRC Medical's corporate office following a discussion Don Hale had with Ms. Boyett concerning the entry of the receivership order;

Dixie Hale had the only key to the storage unit; and

Dixie Hale took those records from the storage unit to her home and has not, as of this date, turned them over to the Receiver.

35. There is good cause to believe that immediate and irreparable damage to the Court's ability to grant effective final relief for consumers in the form of monetary restitution will occur from the sale, transfer, or other disposition or concealment by Defendants of assets or records unless the Defendants are enjoined and a receiver appointed.

36. Weighing the equities and considering the State's likelihood of ultimate success, a Temporary Injunction with Asset Freezes and Order Appointing *Pendente Lite* Receiver is in the public interest.

37. Pursuant to Tenn. Code Ann. § 47-18-108(b)(1), this order is necessary to preserve funds to restore ascertainable losses to consumers should any be awarded.

38. This order is necessary to the ends of substantial justice.

ORDER

I. DEFINITIONS

For purposes of this Order, the following definitions shall apply:

1. "Asset" means any legal or equitable interest in, right to, or claim to, any real, personal or intellectual property, including, without limitation, bank accounts, real estate, automobiles, boats, sports memorabilia, jewelry, accounts receivable, chattels, goods, instruments, equipment, fixtures, general intangibles, leaseholds, mail or other deliveries, inventory, checks, notes, accounts, credits, contracts, receivables, shares of stock, and cash,

wherever any such Asset is located, whether in Tennessee or elsewhere.

2. “Cooperate” shall include, but shall not be limited to, the following: (1) to reply immediately in writing to any inquiry from the Receiver requesting such a reply; and (2) to preserve and make available to the Receiver any and all books, bank and investment accounts, documents, or other records or information or computer programs and databases or property of or pertaining to the Defendants and in their possession, custody or control.

3. “Document” is equal in scope and synonymous in meaning to the usage of the term in the Tennessee Rule of Civil Procedure 34.01, and includes electronic data, writings, drawings, graphs, charts, photographs, audio and video recordings, computer records, and any other data compilations from which information can be obtained and translated, if necessary, through detection devices in reasonably usable form. A draft or non-identical copy is a separate document within the meaning of the term.

II. EVIDENCE DESTRUCTION

IT IS THEREFORE ORDERED that Defendants Dixie Hale, in her individual capacity and doing business as Southern Belle, and Bonnie Hale, and any other person in active concert or participation with these Defendants and individuals who receives actual notice of this Order by personal service or otherwise are hereby enjoined from:

A. Destroying, erasing, mutilating, concealing, altering, transferring or otherwise disposing of, in any manner, directly or indirectly, any Documents that relate to the business, business practices, Assets, transfers, or business or personal finances of any Defendant; and

B. Failing to retain or safeguard Documents that reflect Defendants’ incomes, disbursements, transactions, and use of money.

IT IS FURTHER ORDERED that Defendants Dixie Hale, in her individual capacity and

doing business as Southern Belle, and Bonnie Hale, and their officers, directors, stockholders, members, subscribers, managers, agents, employees and independent contractors, and/or vendors who have been hired to perform and maintain off-site networks and databases and who have received actual notice of this order are enjoined and prohibited from waste or disposition of these Defendants' property, of the destruction, deletion, modification, or waste of their records, database or computer files, in whatever form and wherever located.

III. ASSET FREEZES

IT IS THEREFORE ORDERED that Defendants Dixie Hale, in her individual capacity and doing business as Southern Belle, and Bonnie Hale, and any other person in active concert or participation with these entities and individuals who receives actual notice of this Order by personal service or otherwise are hereby enjoined from:

- A. Transferring any Asset except to the Receiver as part of this Order;
- B. Liquidating, converting, encumbering, pledging, loaning, selling, concealing, dissipating, disbursing, assigning, spending, withdrawing, granting a lien or security interest or other interest in, or otherwise disposing of any funds, real or personal property, accounts, contracts, consumer lists, shares of stock, or other Assets, or any interest therein, wherever located, that are (1) owned or controlled by any Defendant, in whole or in part; (2) held for the benefit of any Defendant; (3) in the actual or constructive possession of any Defendant; or (4) owned, controlled by, or in the actual or constructive possession of any individual, corporation, partnership, or other individual or entity directly or indirectly owned, managed or controlled by any Defendant, including, but not limited to, any Assets held by or for, or subject to access by, any Defendant at any bank or financial institution, or with any broker-dealer, escrow agent, title company, commodity trading company, precious metals dealer, or other financial institution or depository of

any kind;

C. Physically opening or causing to be opened any safe deposit boxes titled in the name of, or subject to access by, any Defendant; or

D. Obtaining a personal or secured loan encumbering the Assets of any Defendant; and incurring liens or other encumbrances on real property, personal property or other Assets titled in the name, singly or jointly, of any Defendant.

IT IS FURTHER ORDERED that any bank, savings and loan association, financial institution or other person, which has on deposit, in its possession, custody or control any funds, accounts and any other Assets of Defendants Dixie Hale, in her individual capacity and doing business as Southern Belle, and Bonnie Hale, including financial institution accounts controlled by or held in the name of other account holders, shall immediately freeze the accounts and allow no transactions on the accounts until further order of this Court. No bank, savings and loan association or other financial institution shall exercise any form of set-off, alleged set-off, lien, any form of self-help whatsoever, or refuse to freeze funds or Assets.

IV. RETENTION OF ASSETS AND RECORDS BY FINANCIAL INSTITUTIONS

IT IS FURTHER ORDERED that any financial or brokerage institution, business entity, or person served with a copy of this Order that holds, controls, or maintains custody of any account or Asset of Defendants Dixie Hale, in her individual capacity and doing business as Southern Belle, or Bonnie Hale shall:

A. Deny any person, except the Receiver, access to any Asset, including any bank account or safe deposit box that is titled in the name of, individually or jointly, or otherwise subject to access by, Defendants Dixie Hale, in her individual capacity and doing business as Southern Belle, or Bonnie Hale;

B. Following a request by the Receiver, provide the Receiver, within five business days of receiving a request, a sworn statement setting forth:

1. The identification number of each such account or Asset titled in the name, individually or jointly, of Defendant Dixie Hale, in her individual capacity or doing business as Southern Belle, or Defendant Bonnie Hale; or held on behalf of, or for the benefit of Defendant Dixie Hale, in her individual capacity or doing business as Southern Belle, or Defendant Bonnie Hale;

2. The balance of each such account, or a description of the nature and value of such Asset as of the close of business on the day on which a request is served, and, if the account or other Asset has been closed or removed, the date closed or removed, the total funds removed in order to close the account, and the name of the person or entity to whom such account or other Asset was remitted; and

3. The identification of any safe deposit box that is titled in the name of, individually or jointly or otherwise subject to access by, Defendant Dixie Hale, in her individual capacity or doing business as Southern Belle, or Defendant Bonnie Hale.

C. Upon request by the Receiver, immediately provide the Receiver with copies of all records or other documentation pertaining to each such account or Asset, including, but not limited to, originals or copies of account applications, account statements, signature cards, checks, drafts, deposit tickets, transfers to and from the accounts, all other debit and credit instruments or slips, currency transaction reports, 1099 forms, and safe deposit box logs.

V. DISCLOSURE OF NEW BUSINESS INTERESTS

IT IS THEREFORE ORDERED that Defendants Dixie Hale, in her individual capacity and doing business as Southern Belle, and Bonnie Hale, until resolution at trial, shall disclose: the

business name, business address(es), website(s), the names of all investors, owners, and managers, a description of the purpose of the business, and any products or services the business offers, to the counsel of record for the State of Tennessee for any new business, regardless of corporate form, that Defendant Dixie Hale, individually or doing business as Southern Belle, or Bonnie Hale has invested in, has an ownership interest in, is employed by, or otherwise participates in that has formed following entry of this Order.

VI. ORDER APPOINTING *PENDENTE LITE* RECEIVER

IT IS THEREFORE ORDERED that John C. McLemore, who is currently the receiver for HRC Medical, is appointed *Pendente Lite* Receiver over Defendants Dixie Hale, in her individual capacity and doing business as Southern Belle, and Bonnie Hale (“Individual Receivership Defendants”) and all of the tangible and intangible Assets and property, both personal and real, of these Defendants until further order of this Court, and all of the Assets are hereby placed *in custodia legis* and shall be subject to the exclusive jurisdiction of this Court. The Receiver shall be the agent of this Court, and solely the agent of this Court, in acting as Receiver under this Order.

RECEIVER'S DUTIES

IT IS FURTHER ORDERED that the Receiver shall have all powers at law and equity to carry out his duties and shall perform his duties under the supervision of the Court.

IT IS FURTHER ORDERED that the Receiver is authorized and directed to accomplish the following:

1. Upon service of this Order, take exclusive custody, control, and possession of any personal bank accounts or other Assets held individually or jointly by Defendant Dixie Hale, in her individual capacity or doing business as Southern Belle, or Defendant Bonnie Hale and inventory, through digital video or other means, all Assets, Documents, and other materials of, or in the

possession, custody, or under control of Defendant Dixie Hale, in her individual capacity or doing business as Southern Belle, or Defendant Bonnie Hale.

2. Distribute funds, to the extent available, recovered from Defendant Dixie Hale, in her individual capacity or doing business as Southern Belle, or Defendant Bonnie Hale to that individual by,

- (a) making home mortgage payments for a mortgage incurred before entry of this Order;
- (b) making motor vehicle payments for a loan incurred before entry of this Order;
- (c) paying for reasonable living expenses such as groceries, utilities, clothing, basic home maintenance, health insurance, life insurance, or other expenses deemed reasonable by the Receiver **PROVIDED THAT** these expenses shall not exceed \$2,500 per Individual Receivership Defendant per month, *excluding* (a) and (b) above, and shall be documented with receipts or other payment information.

NOTHING HEREIN shall prohibit Defendant Dixie Hale, in her individual capacity or doing business as Southern Belle, or Defendant Bonnie Hale from retaining the counsel of his or her choice, provided that he or she obtain court approval of reasonable attorneys' fees to be applied to that defendant's receivership estate. Further, Defendant Dixie Hale, in her individual capacity or doing business as Southern Belle, or Defendant Bonnie Hale may petition the Court for relief, with notice and an opportunity to respond provided to the State and the Receiver, should he or she disagree with the Receiver's payment decision.

3. Issue subpoenas to obtain Documents, records, and testimony pertaining to the Receivership, and conduct discovery in this action on behalf of the Receivership estate;

4. Open one or more bank accounts as designated depositories for funds of Defendant Dixie Hale, in her individual capacity or doing business as Southern Belle, and Defendant Bonnie Hale. The Receiver shall deposit all funds of Defendant Dixie Hale, in her individual capacity or doing business as Southern Belle, and Defendant Bonnie Hale in such designated accounts and shall make all payments and disbursements from the Receivership estate from such an accounts.

5. Choose, engage, and employ attorneys, accountants, appraisers, and other independent contractors and technical specialists, as the Receiver deems advisable or necessary in the performance of duties and responsibilities under the authority granted by this Order;

6. Maintain accurate records of all receipts and expenditures incurred as Receiver; and

7. Cooperate with reasonable requests for information or assistance from any local, state, or federal law enforcement agency, any Defendant, or any Defendant's counsel.

B. TRANSFER OF ASSETS TO RECEIVER

IT IS FURTHER ORDERED that Defendant Dixie Hale, in her individual capacity or doing business as Southern Belle, and Defendant Bonnie Hale, their representatives, and any other person or entity with possession, custody or control of property of or records relating to Defendant Dixie Hale, in her individual capacity or doing business as Southern Belle, or Defendant Bonnie Hale shall upon notice of this Order by personal service or otherwise immediately notify the Receiver of, and, upon receiving a request from the Receiver, immediately transfer or deliver to the Receiver possession, custody, and control of, the following:

1. All Assets of Defendant Dixie Hale, in her individual capacity or doing business as Southern Belle, or Defendant Bonnie Hale;

2. All Documents of Defendant Dixie Hale, in her individual capacity or doing business as Southern Belle, or Defendant Bonnie Hale including, but not limited to, books and records of accounts, all financial and accounting records, balance sheets, income statements, bank records (including monthly statements, canceled checks, records of wire transfers, and check registers), client lists, title Documents, signature cards, and other papers;

3. All computers, servers, and data in whatever form used to conduct the financial matters of Defendant Dixie Hale, in her individual capacity or doing business as Southern Belle, or Defendant Bonnie Hale;

4. All Assets belonging to other persons or entities whose interests are now under the direction, possession, custody, or control of Defendant Dixie Hale, in her individual capacity or doing business as Southern Belle, or Defendant Bonnie Hale; and

5. All keys, codes, and passwords necessary to gain or to secure access to any Assets of Defendant Dixie Hale, in her individual capacity or doing business as Southern Belle, or Defendant Bonnie Hale.

IT IS FURTHER ORDERED that any bank, savings and loan association, financial institution or other person, which has on deposit, in its possession, custody or control any funds, accounts and any other Assets of Defendant Dixie Hale, in her individual capacity or doing business as Southern Belle, and Defendant Bonnie Hale, including financial institution accounts controlled by or held in the name of other account holders shall immediately freeze the accounts and allow no transactions on the accounts until further order of this Court except to comply with the transfers of assets to the Receiver as set out above. No bank, savings and loan association or other financial institution shall exercise any form of set-off, alleged set-off, lien, any form of self-help whatsoever, or refuse to freeze funds or Assets.

In the event that any person or entity fails to deliver or transfer any Asset or otherwise fails to comply with any provision of this Section VI. B, the Receiver may file *ex parte* an Affidavit of Non-Compliance regarding the failure. Upon filing of the affidavit, the Court may authorize, without additional process or demand, Writs of Possession or Sequestration or other equitable writs requested by the Receiver. The writs shall authorize and direct any sheriff or deputy sheriff of any county, or any other federal or state law enforcement officer, to seize the Asset, Document, or other item covered by this Section and to deliver it to the Receiver.

C. PROVISION OF INFORMATION TO RECEIVER

IT IS FURTHER ORDERED that Defendant Dixie Hale, in her individual capacity or doing business as Southern Belle, and Defendant Bonnie Hale shall provide to the Receiver, immediately upon request, the following:

1. A list of all Assets and property, including accounts, of Defendant Dixie Hale, in her individual capacity or doing business as Southern Belle, or Defendant Bonnie Hale that are held in any name other than the names of Defendant Dixie Hale, in her individual capacity or doing business as Southern Belle, or Defendant Bonnie Hale, or by any person or entity other than Defendant Dixie Hale, in her individual capacity or doing business as Southern Belle, or Defendant Bonnie Hale; and

2. A list of all agents, employees, officers, servants or those persons in active concert and participation with Defendant Dixie Hale, in her individual capacity or doing business as Southern Belle, or Defendant Bonnie Hale, who have been associated or done business with Defendant Dixie Hale, in her individual capacity or doing business as Southern Belle, or Defendant Bonnie Hale.

D. COOPERATION WITH THE RECEIVER

IT IS FURTHER ORDERED that Defendant Dixie Hale, in her individual capacity or doing business as Southern Belle, and Defendant Bonnie Hale, their representatives, and all other persons or entities served with a copy of this Order shall fully cooperate with and assist the Receiver in taking and maintaining possession, custody, or control of the Assets of Defendant Dixie Hale, in her individual capacity or doing business as Southern Belle, and Defendant Bonnie Hale. This cooperation and assistance shall include, but not be limited to: providing information to the Receiver that the Receiver deems necessary in order to exercise the authority and discharge the responsibilities of the Receiver under this Order; providing any password required to access any computer, electronic file, or telephonic data in any medium; advising all persons who owe money to Defendant Dixie Hale, in her individual capacity or doing business as Southern Belle, or Defendant Bonnie Hale that all debts should be paid directly to the Receiver; and transferring funds at the Receiver's direction and producing records related to the Assets and sales of Defendant Dixie Hale, in her individual capacity or doing business as Southern Belle, or Defendant Bonnie Hale.

The entities obligated to cooperate with the Receiver under this provision include, but are not limited to, banks, broker-dealers, accountants, attorneys, savings and loans, escrow agents, title companies, commodity trading companies, precious metals dealers and other financial institutions and depositories of any kind, and all third-party billing agents, common carriers, and other telecommunications companies, that have transacted business with Defendant Dixie Hale, in her individual capacity or doing business as Southern Belle, or Defendant Bonnie Hale.

E. INTERFERENCE WITH THE RECEIVER

IT IS FURTHER ORDERED that Defendant Dixie Hale, in her individual capacity or doing business as Southern Belle, and Defendant Bonnie Hale and their representatives are hereby enjoined from directly or indirectly:

1. Interfering with the Receiver managing, or taking custody, control, or possession of, the Assets or Documents subject to this Receivership;
2. Transacting any of the business of the HRC Medical Centers, Inc., HRC Management Midwest, LLC, HRC Medical Centers Holdings, LLC, HRC Management, LLC, Legacy Medical Centers, LLC or BioLifecycle Medical Centers, LLC Defendants ("Entity Receivership Defendants");
3. Transferring, receiving, altering, selling, encumbering, pledging, assigning, liquidating, or otherwise disposing of any Assets owned, controlled, or in the possession or custody of, or in which an interest is held or claimed by, the Entity or Individual Receivership Defendants, or the Receiver; and
4. Refusing to cooperate with the Receiver or the Receiver's duly authorized agents in the exercise of their duties or authority under any order of this Court.

F. COMPENSATION OF RECEIVER

IT IS FURTHER ORDERED that the Receiver and all personnel hired by the Receiver as herein authorized, including counsel to the Receiver and accountants, are entitled to reasonable compensation for the performance of duties pursuant to this Order and for the cost of actual out of-pocket expenses incurred by them, from the Assets now held by, in the possession or control of, or which may be received by, Defendant Dixie Hale, in her individual capacity or doing business as

Southern Belle, and Defendant Bonnie Hale subject to the terms below. Subject to the terms below, Receiver and his contractors shall be paid at the rate shown below:

John C. McLemore, Receiver, Partner in the Law Firm	\$350.00/hr
Robert M. Garfinkle, Partner in the Law Firm	\$350.00/hr
Phillip G. Young, Partner in the Law Firm	\$350.00/hr
Gulam R. Zade, Second Year Associate in the Law Firm	\$175.00/hr
Justin T. Campbell, First Year Associate in the Law Firm	\$150.00/hr
R. Mike Curry, Investigator in the Law Firm	\$100.00/hr

The Receiver shall file with the Court and serve on the parties periodic requests for the payment of such reasonable compensation, with the first such request filed no more than sixty (60) days after the date of entry of this Order. The Receiver shall not increase the hourly rates used as the bases for such fee applications without prior approval of the Court.

Assets for the Individual Receivership Defendants, including any Assets subsequently obtained by Receiver, shall be used first to satisfy reasonable attorneys' fees and expenses that Receiver incurs.

G. STAY OF ACTIONS

IT IS FURTHER ORDERED that, except by leave of this Court, during pendency of the receiverships ordered herein, Defendant Dixie Hale, in her individual capacity or doing business as Southern Belle, and Defendant Bonnie Hale their representatives, and all investors, creditors, shareholders, members, lessors, customers, and other persons seeking to establish or enforce any claim, right, or interest against or on behalf of Defendant Dixie Hale, in her individual capacity or doing business as Southern Belle, and Defendant Bonnie Hale, and all others acting for or on behalf of such persons, are hereby enjoined from taking action that would interfere with the exclusive jurisdiction of this Court over the Assets or Documents of Defendant Dixie Hale, in her individual

capacity or doing business as Southern Belle, or Defendant Bonnie Hale, including, but not limited to:

1. Commencing, prosecuting, or continuing a judicial, administrative, or other action or proceeding against Defendant Dixie Hale, in her individual capacity or doing business as Southern Belle, or Defendant Bonnie Hale, including the issuance or employment of process against Defendant Dixie Hale, in her individual capacity or doing business as Southern Belle, or Defendant Bonnie Hale except that such actions may be commenced if necessary to toll any applicable statute of limitations but only to this extent;

2. Filing or enforcing any lien on any Asset of Defendant Dixie Hale, in her individual capacity or doing business as Southern Belle, and Defendant Bonnie Hale, taking or attempting to take possession, custody, or control of any Asset of Defendant Dixie Hale, in her individual capacity or doing business as Southern Belle, or Defendant Bonnie Hale; or attempting to foreclose, forfeit, alter, or terminate any interest in any Asset of Defendant Dixie Hale, in her individual capacity or doing business as Southern Belle, or Defendant Bonnie Hale, whether such acts are part of a judicial proceeding, are acts of self-help, or otherwise;

3. Initiating any other process or proceeding that would interfere with the Receiver managing or taking custody, control, or possession of, the Assets or Documents subject to this Receivership.

Provided that, this Order does not stay: (1) the commencement or continuation of a criminal action or proceeding; (2) the commencement or continuation of an action or proceeding by a governmental unit to enforce such governmental unit's police or regulatory power; or (3) the enforcement of a judgment, other than a money judgment, obtained in an action or proceeding by a governmental unit to enforce such governmental unit's police or regulatory power.

J. TAXES

IT IS FURTHER ORDERED that Receiver, notwithstanding any other provision hereof, shall be under no obligation to complete or file any tax returns on behalf of Defendant Dixie Hale, in her individual capacity or doing business as Southern Belle, or Defendant Bonnie Hale for income, sales, personal property or other taxes arising before the date of this Order. While acting as receiver, the Receiver shall comply with all applicable laws and regulations relating to tax reporting requirements. The Receiver shall furnish Defendant Dixie Hale, in her individual capacity or doing business as Southern Belle, and Defendant Bonnie Hale with such access to the books and records within the Receiver's custody or control as may reasonably be necessary in order for Defendant Dixie Hale, in her individual capacity or doing business as Southern Belle, or Defendant Bonnie Hale to complete and file any tax returns on her own behalf or jointly.

K. RESIGNATION OF RECEIVER

IT IS FURTHER ORDERED that the Receiver may resign on leave of Court and by giving thirty (30) days advance written notice to this Court. Upon providing such notice and approval by this Court of an accounting of the Receiver's duties hereunder, and funds held pursuant hereto, the Receiver shall be released and discharged from further obligation hereunder. The Receiver may only be removed on order of this Court for good cause after notice and hearing pursuant to a motion by any interested party.

L. DURATION OF ORDER

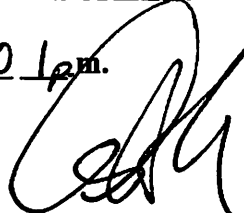
Until resolution of this matter at trial, this Order shall remain in full force and effect unless vacated or amended by this Court.

VII. NO BOND REQUIRED

Pursuant to Tenn. Code Ann. §§ 20-13-101 and 47-18-116, no costs, including a bond, may be taxed against the State.

IT IS SO ORDERED, ADJUDGED, AND DECREED.

This the 20th day of Aug 2013, at 2:01 pm.



JUDGE AMANDA McCLENDON

Certificate of Service

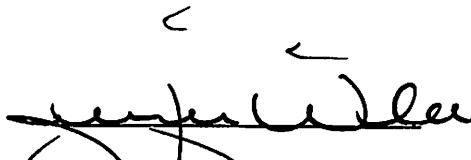
I hereby certify that a true and exact copy of the foregoing Order has been mailed US Postal Service to the following persons:

Brant Harrell
Carolyn Smith
Office of the Attorney General
425 Fifth Ave. North, 2nd Fl. CHB
Nashville, TN 37243

Joseph R. Judkins
Judkins Law Firm
1143 Oak Ridge Turnpike
Oak Ridge, TN 37830

Wendell J.W. O'Reilly
600 Georgia Ave. Ste. 1300
Chattanooga, TN 37402

This 20th day of August 2013.


Deputy Clerk